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14 February 1958

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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

I. THE COMMUNIST BLOC

no

Communist China: Peiping's current move to "break the deadlock" in the Korean situation suggests that Peiping is launching a new diplomatic offensive which the British Foreign Office thinks may be aimed at Chinese Communist participation in summit talks or a heads-of-government conference on Asian affairs. Chou En-lai's relinquishment of the Foreign Ministry post, which involved time-consuming representational functions, will enable him to devote more time to such a campaign.

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no

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no

II. ASIA-AFRICA

Iraqi-Jordanian union: Iraqi and Jordanian delegations in Amman are working fairly smoothly on plans for federation of the two countries after a compromise agreement which in effect postpones for about 18 months a Jordanian demand that Iraq leave the Baghdad Pact.

no
Iraqi Crown Prince Abd al-Illah has gone to Amman to join the discussions, which he anticipates might last several more days. The crown prince has confirmed that pro-Western Nuri Said has been chosen as Iraq's new prime minister to replace the present cabinet head.

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On the basis of findings by its Watch Committee, the Intelligence Advisory Committee concludes that a deliberate initiation of hostilities in the Middle East is unlikely in the immediate future. Tensions in the Middle East, particularly in the Israeli-Syrian border area, continue to create possibilities for serious incidents.

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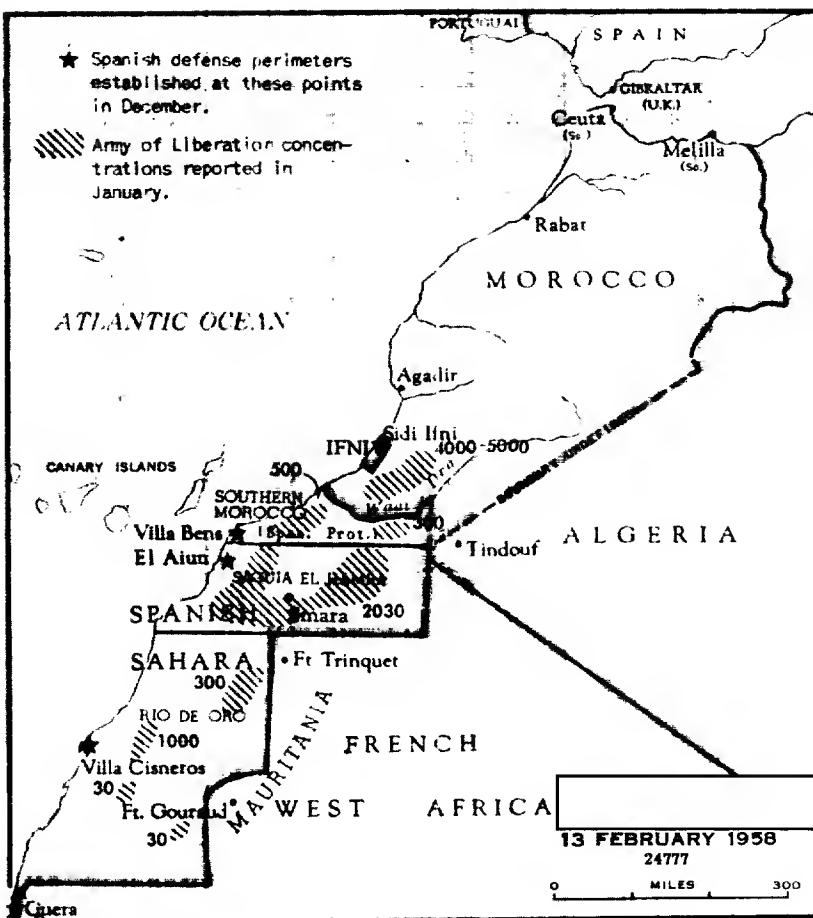
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Tunisia--Bourguiba's position: President Bourguiba, despite his inflammatory public utterances, continues to maintain order. The situation may, however, deteriorate sharply. He is willing to negotiate with France, but it is clear that he will insist not only on the early withdrawal of French troops from Tunisia but also on working out new arrangements--possibly under NATO auspices but excluding France--for the base at Bizerte. Bourguiba apparently hopes that the Sakiet Sidi Youssef bombing can be used to develop a solution of the larger Algerian problem.

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DAILY BRIEF

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no
Cyprus: The Anglo-Greek talks in Athens have ended, apparently with little progress toward a solution. During the last week of January inconclusive conversations were held between British and Turkish officials in Ankara. A status report on the Cyprus problem is expected to be made soon in the British Parliament. The Greek Cypriot underground organization has repeatedly warned that it intends to resort again to violence.

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Spanish West Africa: The operation against West Sahara guerrillas is progressing satisfactorily, [redacted]
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[redacted] The reports of this operation remain uncorroborated.

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Indonesia: Dissident forces of Lt. Col. Hussein in Central Sumatra have occupied the airfield at Padang, the provincial capital. The air force detachment at Padang, which has been loyal to the central government, was disarmed without opposition.

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On the basis of findings by its Watch Committee, the Intelligence Advisory Committee concludes that there is no evidence of Sino-Soviet intention to become militarily involved in the Indonesian situation. Continued failure to resolve the basic differences between the central government and the dissident leaders could lead to disorders and thus to a situation even more favorable to the Communists on Java.

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The Philippines: The Garcia administration is apparently considering how to put pressure on the United States for additional financial aid to redress the country's increasing economic problems. Fiscal measures which would require American support and threats of a more neutralist foreign policy may be contemplated.

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III. THE WEST

*Tunisia--French, UN aspects: France's note to Tunisia takes a strong line, asking for new negotiations on outstanding difficulties but making such negotiations contingent on Tunisia's refraining from provocative measures such as interference with the "normal activities" of French troops in Tunisia. In the UN, where a Security Council meeting on Tunisia will probably be held early next week, France plans a more conciliatory approach which does not rule out indemnities and which includes working out plans for French-Tunisian cooperation to prevent further border incidents. France will, however, refuse to discuss the internal Algerian problem. The British UN delegation wants Hammarskjold to explore with both sides the possibility of a border patrol.

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I. THE COMMUNIST BLOC

British See New Chinese Communist Diplomatic Offensive

The British Foreign Office believes Chou En-lai, in relinquishing his post as foreign minister, will now be free to concentrate on managing a new diplomatic offensive which may be intended to gain Chinese Communist participation in summit talks or a heads-of-government conference on Asian affairs. The Foreign Office sees Peiping's current proposal to "break the deadlock" in Korea as a strong indication that the Chinese have embarked on such a campaign. The Chinese have circulated texts of this proposal to UN members with forces in Korea urging the withdrawal of all foreign troops and asking for early Korean reunification.

In its proposals for a summit conference, Moscow has left open the possibility of later insisting on the inclusion of China. This could also serve as a bargaining tactic to dissuade the West from insisting that German reunification and the East European satellites should be discussed. The Chinese, meanwhile, appear to be actively laying the groundwork for a potential role in the talks. One of Peiping's chief spokesmen, speaking in a quasi-official capacity, recently declared his "hope" that Peiping would join in heads-of-government talks. Chou was less specific on 10 February, when he asserted the regime was prepared to make "positive efforts" and "assume corresponding obligations" in this regard. Chou has endorsed Nehru's belief that the Near East and Asia, as well as Europe, should be atom-free, and has urged the inclusion of Egypt and other neutrals in a summit conference.

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II. ASIA-AFRICA

Iraqi-Jordanian Union

Apparent agreement has been reached between Iraq and Jordan on a federal union of the two states. In response to a Jordanian demand, Iraq has agreed to re-examine its membership in the Baghdad Pact next year, provided the union is a going proposition at that time.

Jordan's Hussayn favors a "loose confederation" of the two countries, while Faysal hopes for a "close federation." Iraqi Crown Prince Abd al-Illah has arrived in Amman to help settle points of difference.

Present thinking of the Iraqi delegation envisions a union in which Faysal and Hussayn both retain their thrones. The military and foreign services are to be integrated. Iraq is to provide Jordan immediately with the equivalent of \$8,740,000 in economic assistance and the US is expected to continue its financial support of Jordan. To achieve maximum propaganda impact, announcement of the federation is to be made before the 21 February plebiscite on Egyptian-Syrian union.

Both governments have requested the good offices of the US to point out to King Saud the benefits of Saudi adherence. They see little prospect of Saud's joining in the immediate future, and would be satisfied if he is noncommittal.

In anticipation of an adverse reaction to union in Iraq, the crown prince has asked Nuri Said to form a new government. Nuri has agreed to present a cabinet shortly after 18 February. This delay is probably due to the desire to wait until after the federation is announced because of Nuri's unpopularity and identification with the Baghdad Pact.

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The Tunisian Situation

President Bourguiba, despite his provocative utterances regarding the withdrawal of French troops from Tunisia, including the Bizerte base, continues to keep a tight rein on the local situation. Some outlets for public indignation are permitted, and no serious incidents have occurred. Rumors--bolstered by public threats by Bourguiba--that the Tunisian Government is cutting off supplies, as well as communications, from French troops confined to their bases, are denied by Tunisian officials, who informed Ambassador Jones that the government had taken steps to assure the provisioning of French military personnel. The situation, however, may deteriorate sharply in view of the heightened tension.

Bourguiba indicates a general willingness to negotiate with France. Nevertheless, he is unlikely to modify his demand that France pull out all troops, a position he has maintained since July 1956. Although now insisting that France also relinquish the Bizerte base, he has indicated [redacted] France might remain at the base until the end of 1958 and, in the interim, arrangements could be worked out to put the base at the disposal of NATO.

While Bourguiba prefers a settlement of the issue outside the United Nations, he has ordered his delegation to press for Security Council action, and the council may take up the problem early next week. Meanwhile, he is attempting to preserve as wide a field as possible to maneuver in the UN and may also hope that the bombing incident proves to be the turning point in an Algerian settlement.

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Philippines May Plan Pressure Tactics to Obtain
Increased American Aid

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[redacted] the Garcia administration is considering measures to apply pressure on the United States for increased assistance to bail the country out of its economic difficulties.

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Some vacillation in enforcement of the new austerity program--designed to halt a foreign exchange crisis--has raised fears that the economic situation may be allowed to drift in order to persuade the United States to finance an exchange stabilization fund. There are signs that Garcia may adopt early peso devaluation and the lifting of some exchange controls and that he may be encouraging the resignation of Central Bank Governor Cuaderno, the major exponent of a "hard money" policy.

Renewed criticism of American policies as a lever for American concessions may be foreshadowed by reports that Garcia has been consulting ultranationalist Senator Recto and will probably elevate to cabinet rank Under Secretary of Justice Barrera, a Recto follower and a major obstructionist to a settlement of issues affecting American bases.

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III. THE WEST

French Note to Tunisia

France's note to Tunisia, as outlined by French Foreign Minister Pineau to Ambassador Houghton on 12 February, reiterates Paris' readiness to re-establish friendly relations, provided Tunis refrains from measures which would increase present tension. It specifies that French troops in Tunisia must be permitted to carry on their "normal activities," and Pineau stressed that provisioning of the troops was "the most immediate explosive problem."

Pineau told Ambassador Houghton that France will continue to insist the internal Algerian problem must not be brought into UN Security Council discussions. According to Pineau, France will recognize the principle of indemnities to civilian victims of the recent bombing, but will insist that the case be considered in the context of other frontier incidents.

Pineau suggested border security might be improved if a no-man's land were established along the Algerian-Tunisian frontier. He mentioned also the possibility of a joint French-Tunisian inspection organization, and added his personal view that a neutral might head such a commission. This may be a step toward a solution on the basis of a recommendation by the British UN delegation for a resolution calling on the secretary general to explore with the French and Tunisians the possibility of establishing some form of border patrol.

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